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SUBJECT: BELARUS WEEKLY POL/ECON REPORT - JULY 31, 2009

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¶1. The following are brief items of interest compiled by Embassy Minsk.

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Civil Society

¶2. Police Disperse Independence Proclamation Rallies

On July 27, opposition groups marked across Belarus the 19th anniversary of the Belarus' independence proclamation by staging rallies and distributing printed materials. Police arrested 20 "European Belarus" civil campaign activists at a gathering in central Minsk and transported seven of them to a precinct. All were released three hours later with no charges. In the town of Gorodok, police dispersed 15 opposition youth demonstrating and waving the outlawed white-red-white national flags and detained four activists. The four were charged with "participating in unsanctioned events" and will soon stand trial on administrative charges.

¶3. Independent Journalist Warned

On July 28, the Grodno Prosecutor's office issued an official warning to Igor Bantser, chief editor of the "Magazyn Polski na Uchodzstwie." The newspaper is issued by the Union of Poles, which is supported by Poland, but not recognized by the GOB and thus not registered in Belarus. Bantser linked the warning to the police's confiscation in May 2009 of 70 copies of the newspaper containing critical articles about Lukashenka and GOB policies.

14. Independent Magazine Denied Distribution

The State-run newspaper distribution network of kiosks, Belsoyuzdruk, rejected on July 27 the monthly independent magazine ARCHE's requests for use of its services citing "lack of possibilities of magazine's distribution through trade network due to excessively high availability of other printed materials, including publications about politics, literature, and art".

15. Party of Working People Holds Founding Convention

On July 26, the Belarusian Party of Working People held its founding convention in Minsk, adopted its charter and program, and elected trade union leader Aleksandr Bukhvostov as its Chairperson. Party's membership currently stands at 1,025 persons. They urged the GOB to improve its social policies for workers' support amidst the global financial crisis, to pursue democratic reforms and rule-of-law principles, and to respect their right to freely establish associations and defend their social interests, participate in political events and choose workplaces irrespective of political beliefs. Party members denounced the system of "short-term employment contract" calling it "a basic instrument to infringing workers' rights". The Party of Working People will succeed the Belarusian Party of Labor liquidated in 2004.

16. Malady Front Members Briefly Detained

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Police detained Malady Front (MF) activist Vadim Borovskiy in Lida on July 29 for posting leaflets about his jailed colleague Artyom Dubskiy. Borovskiy was questioned at a precinct and released an hour later with no charges. In a separate incident on July 27, police also apprehended Borovskiy and his associate Kastus Litvinskiy for three hours under similar circumstances. In another case, MF Deputy Chairperson Nasta Palazhanka was detained during a Catholic festival in Ivenets on July 25 for distributing opposition leaflets. Police instituted no charges against her and released the activist an hour and one half later.

17. Danish Human Rights Advocate Deported from Belarus

Jens-Kristian Lutken, Leader of the Danish Support Initiative for Liberty and Democracy, was deported on July 24 from Belarus back to Latvia after a night in custody. Lutken had a valid visa to enter Belarus; however, it was explained that he was not "wanted" in Belarus and had been banned from entering it. The Danish activist linked his deportation to active cooperation with Belarus opposition, youth, and civil society groups. His four other associates; however, were allowed to enter Belarus.

Domestic Economy

18. Lukashenka Wants Private Business to Help Boost Tax Exports

According to press reports, Lukashenka urged the government to seek the assistance of private businesses in selling the huge inventories of unsold Belarusian-made products to both traditional and new markets. Speaking at the July 27 government session, he noted particular importance in boosting exports of seven or eight major items manufactured primarily by the country's automotive and machine-building industries.

¶9. National Bank Prohibits Loans to Individuals in Hard Currency

According to media reports, on July 14, the National Bank (NBB) issued resolution 105 to prohibit issuance by Belarusian banks of hard currency loans to individuals. The ban came into effect on July 28 and was expected to last until January 2011. However, the NBB press office later clarified that the NBB plans to make it a permanent change. The resolution is part of de-dollarization policy aimed at strengthening the national currency. However, NBB Chairman Pyotr Prokopovich confirmed that individuals with dollar accounts opened prior to July 28 would continue to receive interest payments on their accounts in dollars.

¶10. NBB Chairman: Belarus Met All IMF SBA Targets Due July 1

At a July 29 news conference, NBB Chairman Pyotr Prokopovich announced that Belarus had met all the July 1 targets established by the IMF under the \$3.52 billion Stand-By Arrangement (SBA). The next set of targets to be met by the GOB and the NBB are due October 1. Chairman Prokopovich expressed hope that Belarus would receive two more tranches totaling \$1.35 billion before the end of the year.

Foreign Trade

¶11. Belarus' Foreign Commodity Trade Deficit Reaches \$3.9 Billion Through June

Chairman of Belarus' National Statistics Committee Vladimir Zonovsky told the government session on July 28 that the country's foreign commodity trade deficit had reached \$3.9 billion, a figure which was 1.8 times higher than a year ago. In June 2009 alone the trade deficit grew by \$733 million.

¶12. Most Belarusian Milk Product Successfully Certified in Russia

Chief of Russia's Consumer Monitoring Services/Russia's Chief Sanitary Doctor Gennadiy Onishchenko told Ekho Moskvy radio station on July 31 that most Belarusian suppliers of milk products were successfully certified with Russia's new technical standards. Following a short "milk war" between Russia and Belarus in early June, Belarusian suppliers of milk products were required to submit by August 1 new documentation to show they conformed with the new Russian regulations for selling milk products in Russia.

Quote of the Week

¶13. Speaking at a July 23rd meeting with Belarusian Ambassadors and MFA officials, Lukashenka stated that the U.S. sanctions had

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hit in the first place American consumers of Belarusian products. He said:

"I was telling about all this in detail quite recently at the meeting with a representative delegation of American congressmen. Our discussion was not easy but it was open and sincere. Trust me, we shared views on quite a few issues. The Congressmen asked for another meeting to discuss these and other issues. We are open and ready to meet."

SCANLAN